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THE SITUATION IN CENTRAL AMERICA: PROCEDURES FOR THE ESTABLISHMENT OF A FIRM AND LASTING PEACE AND PROGRESS IN FASHIONING A REGION OF PEACE, FREEDOM, DEMOCRACY AND DEVELOPMENT

Letter dated 19 February 1993 from the representatives of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama to the United Nations addressed to the Secretary-General

We have the honour to transmit herewith a copy of the Panama Declaration issued by the Presidents of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, in the presence of the Prime Minister of Belize and the Vice-President of the Dominican Republic, during the thirteenth summit meeting of Presidents of the Central American isthmus, held in Panama City from 9 to 11 December 1992 (see annex). 1/

We should be grateful if you would have this letter and its annex circulated as a document of the General Assembly, under agenda item 36.

(Signed) Cristián TATTENBACH
Ambassador
Permanent Representative of Costa Rica to the United Nations

(Signed) Ricardo G. CASTANEDA-CORNEJO
Ambassador
Permanent Representative of El Salvador to the United Nations

(Signed) Rafael CASTELLANOS-CARRILLO
Ambassador
Alternate Representative of Guatemala to the United Nations

(Signed) Juan José CUEVA MEMBREÑO
Ambassador
Permanent Representative of Honduras to the United Nations

(Signed) Roberto MAYORGA-CORTES
Ambassador
Permanent Representative of Nicaragua to the United Nations

(Signed) Carlos AROSEMENA
Ambassador
Permanent Representative of Panama to the United Nations

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ANNEX

Panama Declaration

We, the Presidents of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, along with the Prime Minister of Belize and the Vice-President of the Dominican Republic in the capacity of observers, meeting in Panama City, Republic of Panama, from 9 to 11 December 1992,

CONVINCED THAT:

It is imperative to ensure the continuous improvement of genuine democratic, pluralistic and participatory processes, which respect fundamental political freedoms and human rights, and the preservation of democracy in the region;

The primary challenges faced by Central America at a time when a new world order is taking shape are the improvement of democracy, the consolidation of peace, access to international markets on equitable conditions and sustainable development with social justice;

Success in meeting these challenges necessitates the most effective instruments of integration, namely, a regional institutional framework and strategies for integrated development, encompassing the agricultural sector as the linchpin of regional economic revitalization;

Have decided, for these reasons, to devote this Summit to the agricultural sector, in the belief that agricultural development, peace and democracy are inseparably linked and do therefore

DECLARE THAT:

1. The strengthening of the Central American Integration System is a fundamental priority for the region and reflects a new global view of regional integration, which will ensure the balanced and harmonious development of the peoples of the isthmus. We therefore agree to set in operation the Central American Integration System (SICA) with effect from 1 February 1993, under the terms of the resolutions which we have issued on today's date, for which purposes we have designated a Secretary-General.

2. We, the Presidents of Costa Rica and Panama, on the invitation of the Presidents of El Salvador, Guatemala, Honduras and Nicaragua, declare our intention to play an active part in the Central American Integration System within the limits established under the laws of our respective countries, and do therefore ratify the Protocol. We similarly reaffirm our continued commitment to efforts to attain the objectives of the Tegucigalpa Protocol of 13 December 1991.

3. All the bodies, commissions and institutions concerned with integration must work in a coherent, coordinated and harmonious manner within the framework of the Central American Integration System established by the Tegucigalpa Protocol. This obligation is imperative and of primary significance in all provisions related to Central American integration.

4. The conclusion of negotiations on and the signing on today's date of the Statute of the Central American Court of Justice represents a breakthrough in the Central American quest for justice, security and public welfare, which is strengthened by the process of integration.

5. Another essential commitment is the development of a modern agricultural sector capable of competing internationally in an open market system. To that end, they have decided to adopt the Panama Agricultural Commitment, with a view to attaining that high objective.

6. The trade liberalization efforts made by the region's agricultural sector should be matched by specific actions by the developed nations, in particular the elimination of non-tariff barriers. They have a shared commitment to the principle of reciprocity in trade relations and believe that the different levels of development of the Central American countries should be taken into consideration.

7. Efforts must be made to promote conditions conducive to the vertical integration of the products of small and medium-scale agricultural producers, with a view to minimizing the negative effects of the opening up of the regional economy and facilitating their productive reconversion. To that end, we have instructed the senior economic officials of our countries to prepare a proposal for the establishment of a regional fund for the modernization and reconversion of the agricultural sector.

8. We, the Presidents of Costa Rica, El Salvador, Honduras, Nicaragua and Panama, declare our full support for the peace efforts undertaken by the President of Guatemala, Jorge Serrano Eiías, to end the internal conflicts which have beset Guatemalan society for more than 32 years. We appeal to the leaders of the Unidad Revolucionaria Nacional Guatemalteca (URNG) to comply strictly with the procedures adopted with a view to achieving, at the earliest possible date, the signing of the Human Rights Agreement and to speeding up the negotiating process. We endorse the proposals by President Serrano Elías, dated 30 June 1992, aimed at expediting and guiding the negotiating process. We urge the armed groups which belong to URNG to cease committing acts of terrorism and sabotage, which have a direct impact on the civilian population and the country's infrastructure. We hope that URNG will sign, at the earliest possible date, a comprehensive, firm and lasting peace agreement, thus putting an end to the last armed conflict still persisting in the Central American region.

9. We, the Presidents of Costa Rica, El Salvador, Honduras, Nicaragua and Panama, welcome the recent judgement by the Constitutional Court of Guatemala, declaring constitutional the actions of the Government of that country, and

the decision by the Congress of the Republic of Guatemala endorsing the political actions taken by the Executive in recognizing the self-determination of the Belizean people and recognizing Belize as an independent State and in establishing diplomatic relations with that country. We urge both sides to initiate direct negotiations to resolve their territorial dispute, and are confident that they will reach a solution which is acceptable to both States and is conducive to the stability and development of the two countries and of the region as a whole and the expansion of relations between those two countries and within the region generally.

10. We, the Presidents of Costa Rica, Guatemala, Honduras, Nicaragua and Panama, express our sincere congratulations to President Alfredo Cristiani on the successful attainment of peace in El Salvador, thanks to which the forthcoming date of 15 December 1992 will mark the beginning of an era of full democracy in that country, with the participation of all political groups, in a climate of harmony, reconciliation and respect for the rule of law. We also express our appreciation to the United Nations and its Secretary-General and to the Presidents of Colombia, Mexico and Venezuela and the President of the Government of Spain, as well as to the President of the United States of America, for their valuable collaboration in the peace process in El Salvador and urge the international community to continue its support for the National Reconstruction Plan and for the new democratic institutions arising from this process, which will promote the strengthening of peace in El Salvador.

11. The consolidation of peace, the strengthening of democracy and national reconciliation in the region necessitate support for the process of full reintegration into the productive activity of their countries of those sectors affected by the armed conflicts. To that end, they urge the international community to continue its support for these reintegration efforts, which are so essential to regional stability.

12. We, the Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, reaffirm the democratic foundations of the Government of Panama and, for that reason, consider it both necessary and urgent for the Republic of Panama to be readmitted as a full member, as it had been since 1986, of the Permanent Mechanism for Consultation and Concerted Political Action, known as the Rio Group. The readmission of Panama would constitute due recognition for the progress made during the term of office of President Guillermo Endara Galimany in strengthening the democratic system and promoting respect for the will of the people and human rights. In that context, they have decided that the representative of the Central American countries to the Rio Group should take steps towards the attainment of that goal.

13. The support given by the international community for rehabilitation, reconstruction and development work in Nicaragua, in the particular circumstances affecting that country, remain an essential factor in the strengthening of efforts undertaken by President Violeta Barrios de Chamorro to promote peace, democracy and stability.

14. We reject any attempt to alter the constitutional system and the democratic institutions in the hemisphere, the use of violence to gain political power, the existence of armed groups operating outside the law and terrorism and acts of destabilization targeted against human rights. In that context, we express our repudiation and condemnation of the recent attempted coup d'état in Venezuela, as well as our support for that country's constitutional President, Carlos Andrés Pérez.

15. We express our appreciation and support for the efforts undertaken by the President of Colombia, César Gaviria, in the fight against terrorism and drug trafficking, which are adversely affecting peace and the welfare of his people.

16. We reaffirm our full support for the resolutions adopted by the American Ministers for Foreign Affairs to promote the restoration of democracy in Haiti and call for the adoption of the necessary legal provisions to ensure the full implementation of the measures contained therein. We express our appreciation for the valuable work carried out by the Secretary-General of the Organization of American States in this crisis, which poses an obstacle to the strengthening of democracy in the hemisphere.

17. We note with satisfaction the progress made by the competent authorities of the Central American countries in reviewing the draft legal assistance treaty suggested by Panama. The draft represents a positive step forward in judicial cooperation in the region and offers an effective instrument for the punishment, investigation and elimination of a broad range of crimes, including those of a transboundary nature, such as drug trafficking, the laundering of money derived from drug trafficking and the illicit traffic in arms.

18. We reiterate our vigorous condemnation of the production of, traffic in and illicit use of drugs, reaffirming our commitment to make every possible effort to prevent our countries from becoming bases for drug trafficking, resulting in destabilizing and destructive effects for society and violations of fundamental human rights. Accordingly, we have agreed to intensify regional and international cooperation to eradicate this scourge. In that context, we welcome the draft statute of the Permanent Central American Commission for the Eradication of the Production, Traffic, Consumption and Illicit Use of Drugs and Pyschotropic Substances.

19. We welcome the initiative of the Government of Belize to host a presidential meeting to analyse and coordinate regional efforts to combat the traffic in drugs and the illicit use of psychotropic substances, which pose so grave a threat to our societies. This meeting is scheduled to be held in Belize from 19 to 21 February 1993.

20. We note the progress made by the Security Commission, particularly the establishment of assistance, cooperation and coordination mechanisms designed to wipe out illegal traffic in arms in Central America, mine-clearing operations, and the adoption of a thematic framework for the draft agreement

on regional security. In this connection, we are pleased to accept the offer by the Secretary-General of OAS, Joao Clemente Baena Soares, to organize seminars aimed at enhancing the effectiveness of efforts to combat arms trafficking.

21. We emphasize the importance of support by the international community for plans for mine-clearing operations in Central America as an effective contribution towards eliminating this tragic consequence of armed conflicts and thereby avoiding the loss of innocent human lives, while permitting agricultural activities to be resumed. The support provided by the Organization of American States, and especially by its Secretary-General, Joao Clemente Baena Soares, deserves our thanks and encouragement. We also wish to acknowledge Guatemala's gesture of solidarity in offering financial assistance for the mine-clearing operations in Nicaragua to be carried out during the first quarter of 1993.

22. We, the Presidents of Costa Rica, Guatemala, Nicaragua and Panama, welcome the spirit of fraternal friendship demonstrated by the Republics of Honduras and El Salvador which have accepted the judgement handed down on 11 September 1992 by the International Court of Justice, thereby putting an end to the border dispute between the two countries.

23. The relevant authorities must take legislative or administrative measures to more effectively implement, update and modernize the laws that safeguard and protect the region's cultural heritage. We therefore urge the competent authorities to carry out studies and research, with the support of international organizations, and to prepare a draft or model law on the subject, as well as to promote projects and programmes designed to harmonize our countries' laws in the sphere of culture.

24. It is important for the Council of Ministers for Foreign Affairs to give consideration to taking joint action in defence of the land resources of the States of the region.

25. We urge the agricultural production sectors to formulate policies and to take action to make foodstuffs more available and accessible, thereby enabling the population effectively to fight against malnutrition.

26. We support the establishment of a comprehensive welfare system characterized by greater solidarity, universal coverage and greater equity, to provide health, economic and social services, in accordance with the special conditions in each country, and, in that connection, we firmly support the strengthening of national social security institutions as suitable organs for fulfilling national and regional development responsibilities in the area of social security. We welcome the establishment of the Central American Council of Social Security Institutions and urge it to coordinate its work with the Regional Social Affairs Commission.

27. We recognize the importance and value of the many contributions which rural women make to the family, democracy and the development of our peoples,

and we are committed to their social and economic advancement within the framework of national human development plans.

28. We welcome the "Central American Strategy" adopted during the present summit meeting by the Regional Social Affairs Commission (CRAS) in implementation of the recommendations contained in the declaration issued at the World Summit of First Ladies on the economic advancement of rural women, which was held in Geneva. We wish to emphasize the importance of that declaration.

29. At the eleventh summit meeting of the Presidents of the Central American countries, held at Tegucigalpa in December 1991, we approved national plans for human development, children and youth, which embody the aspirations of our peoples to overcome their poverty and to achieve higher levels of development. We note with interest the report by the Regional Social Affairs Commission (CRAS) on the progress made in implementing those plans; we reaffirm their importance as key instruments for combating poverty and promoting human development, and we pledge to continue our efforts aimed at increasing the proportion of public spending on social development.

30. We take note of the progress made by the Association for Democracy and Development in Central America (ADD), which was illustrated during its third plenary meeting, held at San Salvador, El Salvador, at which projects in the region's priority areas were presented. We acknowledge the support provided by our extraregional partners and are confident that at the next meeting, to be held at Tokyo, Japan, in March 1993, the necessary action will be taken to implement the above-mentioned projects.

31. We welcome the participation of the United Mexican States as a full-fledged extraregional partner in the Central American Bank for Economic Integration (CABEI), which marks the beginning of a new phase of cooperation in relations between Central America and this fraternal country. At the same time, we note with satisfaction the steps taken by the Governments of Argentina and Venezuela to accede to the agreement establishing the Bank.

32. We also note with satisfaction the inclusion of the Republic of China as an extraregional member of CABEI and we welcome the approval given to the projects presented during the first meeting of the Central America-Republic of China Mixed Commission, which was held at Taipei on 7 and 8 September 1992.

33. We welcome the progress made in the negotiations on the draft of the new agreement on cooperation between the European Community and the Central American countries, which should grant free access for our products to the European market, and take account of the region's interests, within the framework of the guidelines adopted at the San José discussions. In this connection, we reiterate the need for continued and increased cooperation, which is essential for the promotion of economic development and the consolidation of democracy in the region.

34. We instruct the authorities concerned to continue, within their respective fields of competence, their negotiations with Mexico in the spirit of the Agreements signed at Tuxtla Gutiérrez. This requires greater coordination between Central American countries in all areas of cooperation as well as in the programmes covered by the Economic Complementarity Agreement between Mexico and the Central American countries, on the basis of a multidisciplinary, multisectoral and inter-agency approach that takes account of the agreements on Central American integration and ensures adequate representation of the various economic operators and special interests of each of the countries of the region.

35. We emphasize the importance of the convening of the first summit meeting of Central American Presidents and the Group of Three, to be held during the first quarter of 1993, at which a framework will be adopted within which relations can be strengthened and cooperation expanded.

36. We wish to emphasize the importance of closer ties between the countries of the region and the members of the Caribbean Community (CARICOM), with a view to promoting integration and strengthening political, economic, commercial and cultural relations. In this connection, we have instructed the Council of Ministers for Foreign Affairs to present initiatives aimed at strengthening these ties at the forthcoming meeting between the States members of CARICOM and the Central American countries, to be held at Kingston, Jamaica, in February 1993.

37. We are confident that the efforts currently under way will lead to a successful conclusion of the Uruguay Round negotiations, thereby permitting the global economy to recover and world trade to expand for the benefit of the developing countries. In this connection, we call for banana imports to be strictly in accordance with GATT norms and regulations and, at the same time, we reiterate the need to achieve the total liberalization of the market for this product in accordance with the commitments contained in the ministerial declarations of Punta del Este and Montreal, while respecting the existing agreements with the countries of the Caribbean and Belize.

38. We stress the importance of the negotiations currently under way on a new international coffee agreement. We firmly support all measures designed to promote the recovery and stabilization of international coffee prices.

39. We reaffirm the crucial importance of the Meeting of Ministers of Economic Affairs of the countries of Central America, as the regional forum responsible for proposing, implementing and coordinating the economic agreements and commitments decided upon at the meeting of Central American Presidents. In that connection, we request this forum to submit to the forthcoming meeting of the Presidents a coordinated, viable and realistic programme for harmonizing and aligning all national macroeconomic policies.

40. With the aim of fashioning Central American economic union within the framework of the Central American Integration System (SICA) created by the Tegucigalpa Protocol, we have approved the Bases for the new Treaty on Central

American Economic Integration, annexed to this Declaration, which should be adopted by the Ministers of Economic Affairs of the Central American countries, no later than 31 May 1993.

41. We, the Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, welcome the decision of the Government of Panama to establish, at the national level, a Mixed Commission for Central America, with responsibility for directing and coordinating the necessary activities for the gradual and complementary participation of that country in the process of integration and regional development of Central America, which will strengthen, first of all, the multilateral character of the trade agreements concluded with the other countries of the region and facilitate Panama's entry into all regional integration forums and bodies.

42. We, the Presidents of Costa Rica, El Salvador, Guatemala, Nicaragua and Panama, note with satisfaction the political will demonstrated by the Government of Honduras in becoming a party to the Convention on the Central American Tariffs and Customs Regime, thereby strengthening the process of regional integration.

43. We emphasize the need to achieve regional financial integration by promoting and strengthening complete freedom of movement of capital between the countries of the region for purposes of investment. In this connection, and in conformity with the decision of the Ministers of Economic Affairs, we agree to promote and strengthen the modernization and interconnection of national financial systems; to link stock exchanges in order to permit them to carry out any kind of exchange transaction from one country to the other, facilitate the establishment of branches of the national financial institutions of the Central American countries in the other countries of the region and the liberalization of all financial services, all within a framework that will allow State-owned banks, in countries where such banks exist, to compete on equal terms with private banks; to establish common norms and standards for the preventive monitoring of financial agencies with a view to establishing a tax structure that is neutral in terms of its impact on the movement of resources within the region; and to create adequate flows of economic and financial data in order to facilitate decision making by economic operators. For the foregoing reasons, we have instructed the Central American Monetary Council to prepare during the first quarter of next year draft regulations or amendments to existing legislation, as may be required.

44. We reiterate the need to strengthen fiscal policy aimed at reducing the imbalances in the public finances of the countries of the region, through the modernization, simplification and improvement of tax systems and the prioritization and rationalization of public expenditure.

45. We instruct the Council of Ministers of Finance to prepare a programme that will harmonize the taxation regimes of the Central American countries, and we hereby set a deadline of 31 December 1999 for attaining that objective.

46. We reaffirm the important role played by the Central American Bank for Economic Integration (CABEI) in the financing of priority development projects. In renewing our decision to strengthen this institution, we request its authorities to continue the necessary efforts to enable Panama, Belize and the Dominican Republic to become members of the Bank.

47. Aware of the importance of modernizing frontier points in order to strengthen the regional integration process, we request the Ministers of Finance to define the modalities and adopt the necessary measures to rehabilitate frontier points, install the monitoring equipment required for the effective application of the guidelines on international transit and the optimal operation of single windows, and provide 24-hour service to the public at frontier points. Likewise, we instruct them to establish, before 15 February 1993, an effective system for the administration, control and facilitation of migration and intrazonal trade.

48. We express our concern that the North American Free Trade Agreement could erode the preferential trade conditions which the region has enjoyed up to now on the basis of the Caribbean Basin Initiative and the Generalized System of Preferences. In this context, we hope that a modality will be found to enable the countries of the region to continue to enjoy the existing advantages and to expand them.

49. We register our concern about the persistence of protectionist and discriminatory measures in major third countries impeding the access of products from the area to external markets, which do not match the liberalization process undertaken by the region.

50. We decide that, within the framework of SICA, the Ministers of Economic Affairs of the Central American countries will be the forum responsible for approving or amending the general guidelines and strategies in the area of coordination of external trade relations on the proposal of the ministers responsible for economic integration and regional development or of the competent authority in each of the countries.

51. We stress the progress made in implementing the Support Programme for Central American Development and Integration (PRADIC) of the Inter-American Development Bank (IDB) designed to achieve greater integration of the Central American economies. We also stress the relevance of the Regional Consultative Group as an important regional forum for seeking greater financial and technical cooperation, channelling external cooperation in the areas of investment, studies and technical assistance, and achieving more active participation by the private sector in the process of integration and regional development.

52. We support the formulation of the plan of action for frontier development and integration which is being drawn up by the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), the Organization of American States (OAS) and the Inter-American Institute for Cooperation on Agriculture (IICA) in order to strengthen the projects in this

area which are under way in Central America or are in the pipeline, and we urge the international community to continue to provide financial support for the implementation of these projects.

53. We welcome the draft Treaty on the establishment, control and use of titles of ownership for motor vehicles in Central America, drawn up by the Central American Parliament, and we commission the Meeting of Ministers of Transport (REMITRAN) to carry out an analysis and make recommendations.

54. We recognize the role played by the Central American Research Institute for Industry (ICAITI) in support of the efforts being made by the countries of the region towards modernization of production and industrial conversion and request its Board of Directors to meet during the second half of January 1993, at the headquarters of the institution, to evaluate the situation of the Institute and take the necessary action to strengthen it.

55. We welcome the progress made by the Central American countries in strengthening processes of decentralizing functions to local governments, which lead to greater public representation and participation in the democratic process.

56. We welcome the information provided by the President of Guatemala on the meeting he held with the Central American Higher University Council (CSUCA). Bearing in mind the importance of promoting policies of coordination between our Governments and the universities, we invite CSUCA to participate at the next meeting of Central American Presidents to be held in Guatemala.

57. We reiterate the importance of the Central American Parliament (PARLACEN) as a body for analysis, recommendations and deliberations on regional matters. We therefore believe that it is necessary for PARLACEN to continue its efforts to promote the participation of countries which have not yet ratified the treaty establishing the Parliament and, to this end, we invite those States to accredit observers pending the selection of their representatives.

58. We welcome the views of the Central American Parliament on the 1992-1993 plan to promote the integration of Central America, and also the Social Agenda which includes preliminary draft legislation on Central American development and a project for securing funds for national human, economic and social development plans. The proposals also include provisions on the social development of the "Trifinio".

59. Mindful of our commitment to preserve the environment and as a pledge of our desire to fulfil the agreements reached at the Rio Summit, we have signed on this date a regional agreement on the trans-boundary movement of hazardous wastes.

60. We endorse the resolutions of the Eighth Meeting of the Central American Health Sector (RESSCA), signed by the Ministers of Health.

61. We stress the need to make a concerted effort to promote the development of sports and recreation in the region as an instrument for bringing together and uniting the Central American people. In this respect, we welcome the establishment of the Council of the Central American isthmus for sports and recreation (CODICADER).

62. We express our gratitude to the representatives of management and labour who had meetings with us during the summit for the support they are giving to the Central American integration process. In acknowledging this support, we instruct the Council of Ministers for Foreign Affairs to establish a procedure to enable them to participate more fully in that integration process.

63. On this date, in order to help meet the fundamental challenges of Central America at a time when a new world order is emerging, we have adopted the Panama Agenda as an integral part of this declaration, in order to define the activities and outline the commitments aimed at developing the necessary principles for consolidating Central America as a region of peace, freedom, democracy and development.

64. Welcoming the presence of Mr. Carlos Morales Troncoso, Vice-President of the Dominican Republic, we express appreciation for his significant participation as special guest at this eighth summit meeting.

65. The Meeting of Central American Presidents as the supreme body of the Central American Integration System will be held from 16 to 18 June 1993, in Guatemala.

66. The Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, and the Prime Minister of Belize, thank President Guillermo Endara Galimany and, through him, the people and Government of Panama, for their kindness and their warm hospitality, which made possible the success of the summit.

Panama City, 11 December 1992

Republic of Panama